

Supplement to “Inequality and income dynamics in Germany”

(*Quantitative Economics*, Vol. 13, No. 4, November 2022, 1593–1635)

MORITZ DRECHSEL-GRAU
Department of Economics, University of Zurich

ANDREAS PEICHL
Center for Macroeconomics and Surveys, ifo Institute and Faculty of Economics, LMU Munich

KAI D. SCHMID
Department of Economics, Heilbronn University of Applied Sciences

JOHANNES F. SCHMIEDER
Department of Economics, Boston University and NBER

HANNES WALZ
School of Business and Economics, Friedrich-Alexander University Erlangen-Nurnberg (FAU) and
Institute for Employment Research (IAB)

STEFANIE WOLTER
Institute for Employment Research (IAB)

APPENDIX: RESULTS FOR POOLED SAMPLE (MEN AND WOMEN)

Moritz Drechsel-Grau: moritz.drechsel-grau@econ.uzh.ch

Andreas Peichl: peichl@econ.lmu.de

Kai D. Schmid: kai-daniel.schmid@hs-heilbronn.de

Johannes F. Schmieder: johannes@bu.edu

Hannes Walz: hannes.walz2@iab.de

Stefanie Wolter: stefanie.wolter@iab.de

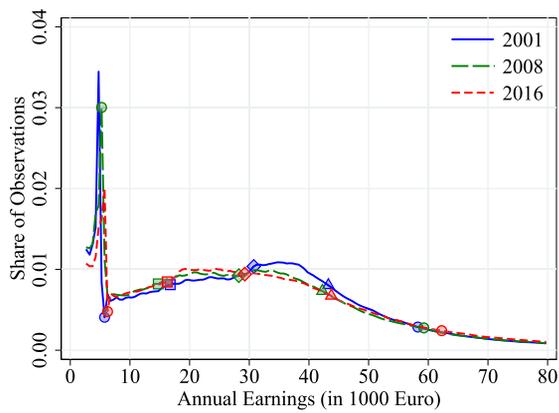


FIGURE S.1. Selected Real Earnings Distributions—Men and Women. *Note:* This figure shows the distribution of real annual earnings (in 2018 Euro) for selected years in the combined IAB-TPP data (CS sample) by gender. The data is smoothed (by year and gender) using a three-bin moving average for bins above 10,000 Euro. The markers indicate the 10th (circle), 25th (square), 50th (i.e., median; diamond), 75th (triangle), and 90th (circle again) percentiles of the respective distributions.

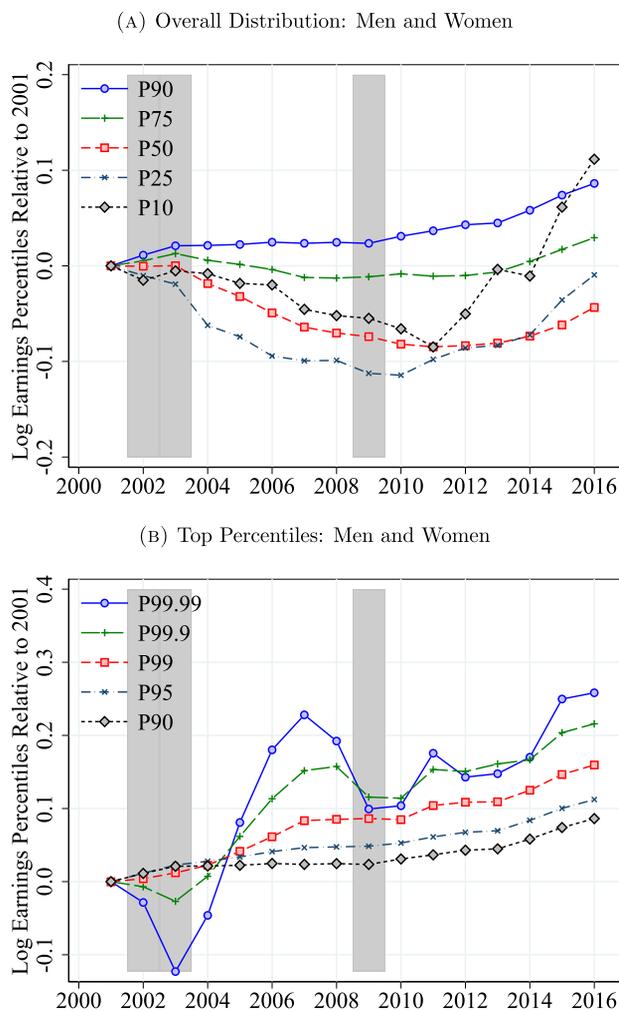


FIGURE S.2. Evolution of Log Earnings Percentiles. *Note:* This figure shows the evolution of selected percentiles of log real annual earnings (relative to 2001) in the combined IAB-TPP data (CS sample) by gender. Shaded areas indicate recessions.

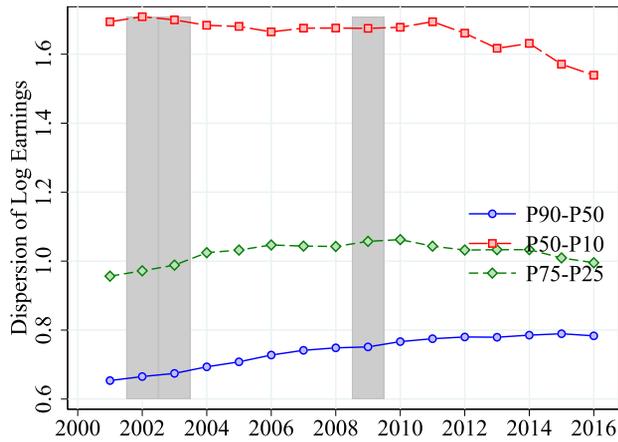


FIGURE S.3. Evolution of Earnings Inequality: Log Percentile Differentials—Men and Women. *Note:* This figure shows the evolution of different log percentile differentials over time in the combined IAB-TPP data (CS sample) by gender. Shaded areas indicate recessions.

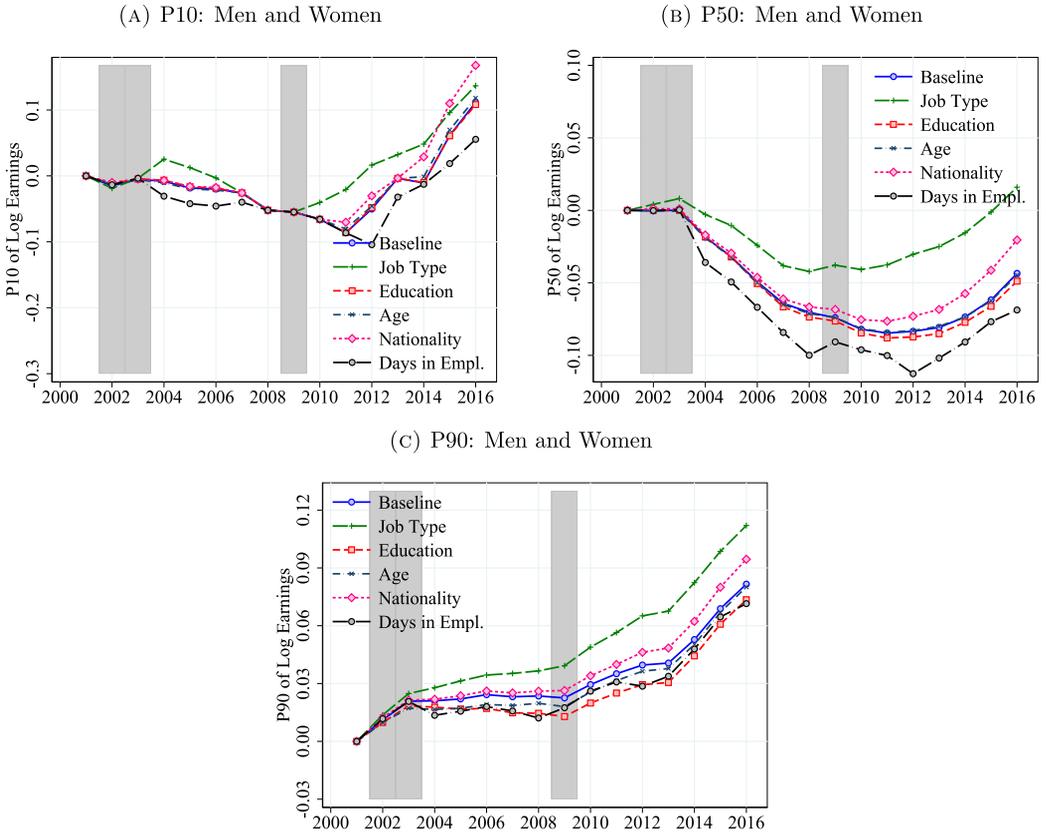


FIGURE S.4. Counterfactual Evolution of Log Earnings Percentiles (Reweighting). *Note:* This figure shows the evolution of different counterfactual percentiles of the log real annual earnings distribution over time in the IAB data (CS sample) by gender. The P90 for men is imputed in the IAB data as it lies above the social security contribution limit. The counterfactual percentiles are constructed by reweighting the data such that observable dimensions are held constant at the 2001 level. For example, the green line shows how different percentiles would have evolved over time had the job type distribution stayed as it was in 2001. A value of this counterfactual percentile above (below) the baseline value (blue lines) thus means that absent any change in the specific variable, earnings (at the given percentile level) would have been higher (lower) than what was actually observed. Thus, the observed change in the specific variable led to lower (higher) real earnings. Shaded areas indicate recessions.

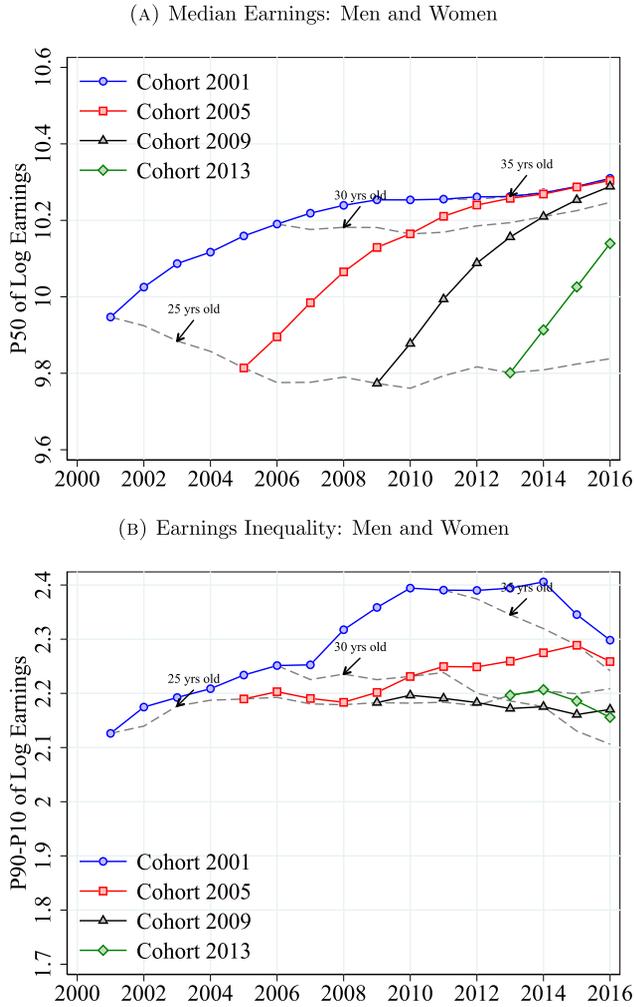


FIGURE S.5. Earnings Profiles and Inequality by Cohort. *Note:* This figure shows the evolution of the median as well as the P90-P10 differential of the log real annual earnings distribution over time in the combined IAB-TPP data (CS sample) by gender. As the P90 of men is imputed and the TPP data end in 2016, Panel C also ends in 2016. Grey dashed lines correspond to earnings of 25, 30, and 35 year olds in each year as indicated by arrows. Each colored line corresponds to an individual cohort, where “cohort t ” represents the cohort aged 25 in year t .

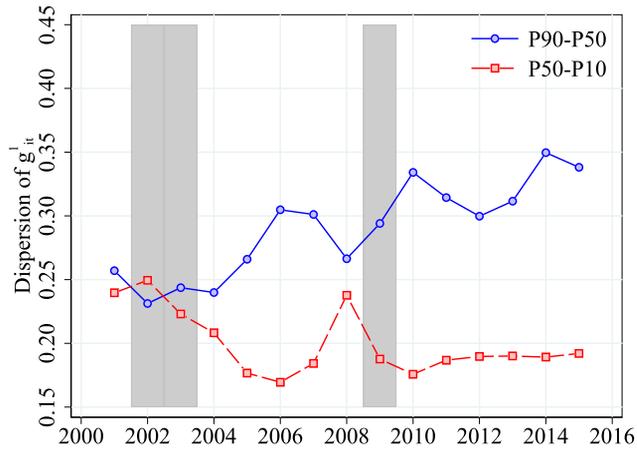


FIGURE S.6. Dispersion of 1-Year Log Earnings Changes, Men and Women. *Note:* This figure shows the P90-P50 and P50-P10 differentials of the distribution of 1-year changes in residualized log real annual earnings (from t to $t + 1$) in the combined IAB-TPP data (LS sample) for men and women. Shaded areas indicate recessions.

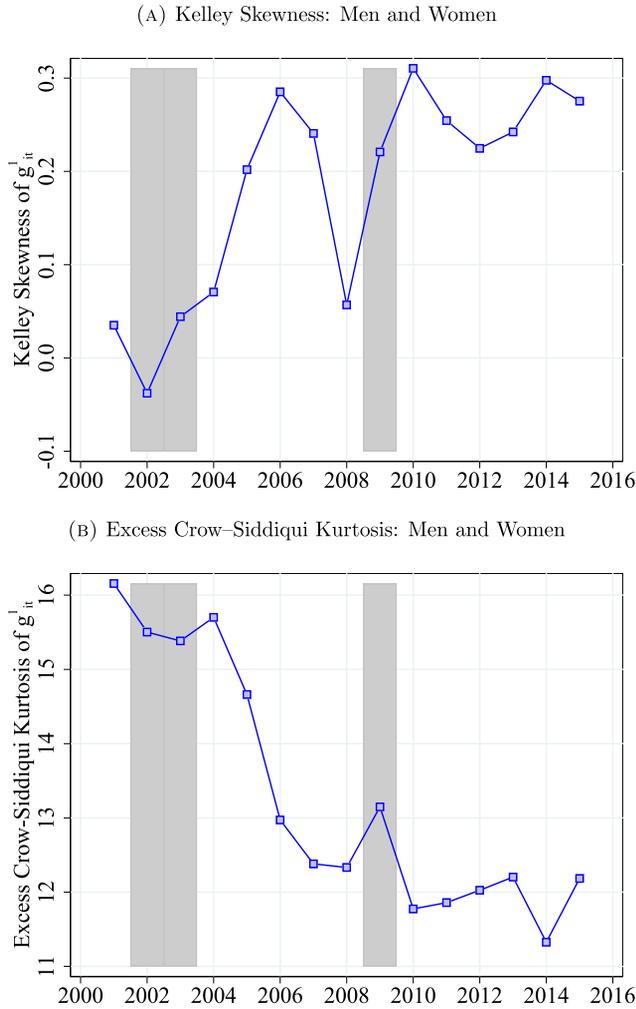


FIGURE S.7. Skewness and Excess Kurtosis of 1-Year Log Earnings Changes. *Note:* This figure shows the evolution of Kelley skewness and excess Crow-Siddiqui kurtosis of 1-year changes in residualized log real annual earnings (from t to $t + 1$) in the combined IAB-TPP data (LS sample) by gender. Shaded areas indicate recessions.

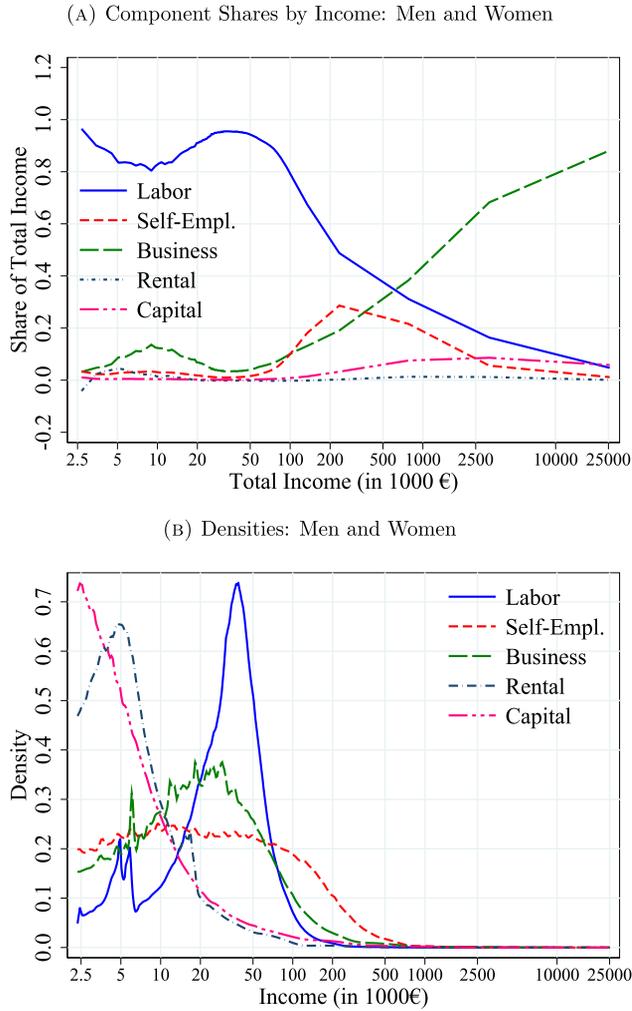


FIGURE S.8. Income Components—Men and Women. *Note:* This figure shows different statistics for the components of total income in the combined IAB-TPP data by gender (averages from 2001 to 2008). Panels A and B show how total income (including capital income) is split into labor, self-employment, business, rental, and capital income across the total income distribution. Panels C and D show the densities of each income sources for all individuals with income from the respective source above 2300 Euro (in 2018 Euro).

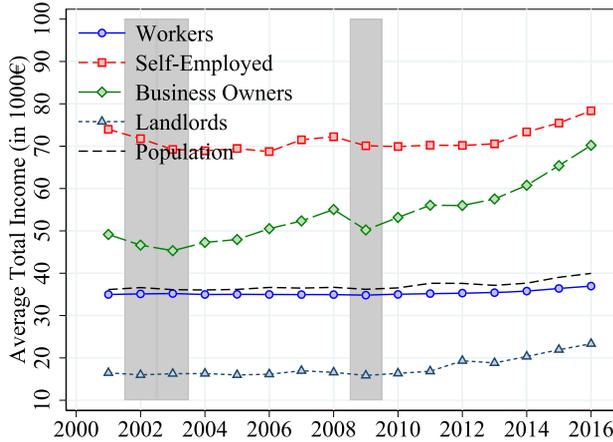


FIGURE S.9. Average Total Income by Main Component—Men and Women. *Note:* This figure shows average total income (excluding capital income) for different subpopulations defined by the main income source as well as the full population (gray dashed line) over time in the combined IAB-TPP data by gender. Shaded areas indicate recessions.

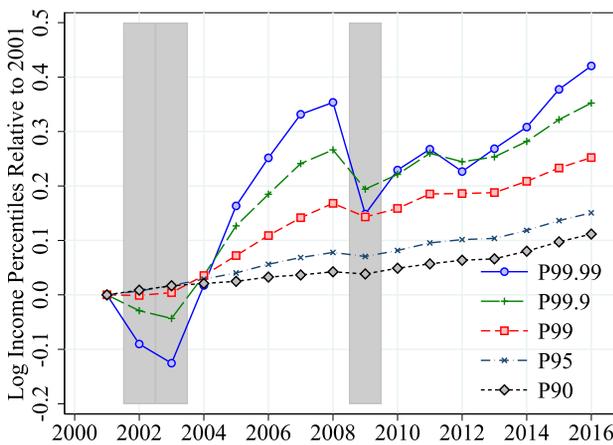


FIGURE S.10. Evolution of Top Log Total Income Percentiles—Men and Women. *Note:* This figure shows the evolution of selected top percentiles of log real annual total income (relative to 2001) in the combined IAB-TPP data (CS sample) by gender. Shaded areas indicate recessions.

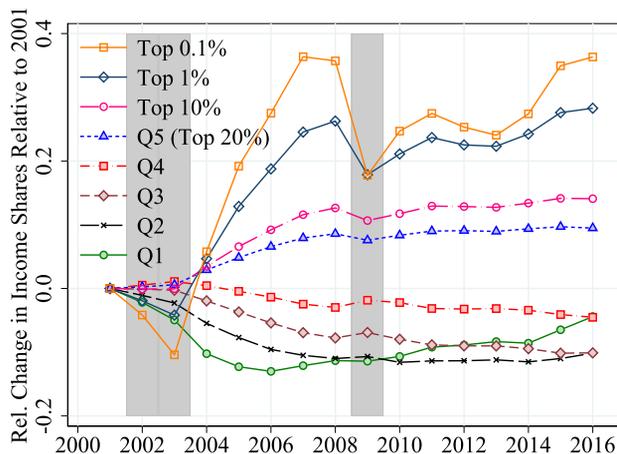


FIGURE S.11. Changes in Total Income Shares Relative to 2001—Men and Women. *Note:* This figure shows the evolution of selected income shares of real annual total income (relative to 2001) in the combined IAB-TPP data (CS sample) by gender. Shaded areas indicate recessions.

Co-editor Fatih Guvenen handled this manuscript.

Manuscript received 12 May, 2021; final version accepted 8 April, 2022; available online 19 July, 2022.